

**Agency: Commerce, Community and Economic Development****Grants to Named Recipients (AS 37.05.316)****Grant Recipient: Alaska Village Electric Cooperative, Inc.****Project Title:**

# Alaska Village Electric Cooperative, Inc. - Reimbursement For Relocation Of Fuel Tanks

**State Funding Requested: \$ 570,000****House District: 40 - T**

One-Time Need

**Brief Project Description:**

Reimbursement to Alaska Village Electric Cooperative for relocation of 10 fuel tanks in Kivalina during emergency circumstances.

**Funding Plan:****Total Cost of Project: \$570,000**Funding Secured*Amount FY*Other Pending Requests*Amount FY*Anticipated Future Need*Amount FY*

There is no other funding needed

**Detailed Project Description and Justification:**

On September 12, 2007 the village of Kivalina was hit with a fall storm. The storm left severe undercutting around the communities tank farms some of which contained fuel. At the urging of the State of Alaska, Alaska Village Electric Cooperative responded to the emergency and relocated all ten fuel tanks for a cost of \$570,000.00. Both local and state officials later declared an emergency but no funds were provided for reimbursement. If no reimbursement is received the residents of Kivalina would have to reimburse the money within the year through substantially increased electrical rates. The residents currently pay 52.1 cents per KWH.

**Project Timeline:**

Money has already been expended.

**Entity Responsible for the Ongoing Operation and Maintenance of this Project:**

Meera Kohler

**Grant Recipient Contact Information:**

Contact Name: Meera Kohler

Phone Number: 561-1818

Address: 4831 Eagle Street

Email:

Has this project been through a public review process at the local level and is it a community priority? ☒ Yes ☐ No



March 12, 2008

Gov. Sarah Palin  
P.O. Box 110001  
Juneau, AK 99811-0001

Re: Administrative Order #239

Dear Governor Palin,

As you are aware, Alaska Village Electric Cooperative expended \$570,000 to relocate 10 fuel tanks in Kivalina immediately following the storm of September 12, 2007. This action was done at the urging of the State of Alaska and was necessitated by beach undercutting that had occurred as a result of failure of the state funded seawall built a year earlier. AVEC was not a party to the design or construction of the seawall, but was severely impacted by its installation and subsequent failure.

Although the AVEC tank farm relocation was a principal driver of the NWAB emergency declaration and was also the subject of numerous discussions and assurances at various levels in the state administration, it was indeed an unpleasant surprise to learn that reimbursement of that expense had been excluded by the Administrative Order.

I am sure that your administration is aware that 100% of AVEC's operating expenses are paid for from revenues received from its customers through their electric bills. Yes, there is Power Cost Equalization that could eventually pay for part of the cost, but only if the costs in that community are below the statutory cap of 52.5 cents a kWh. Kivalina is at 52.1 cents. So this means that the community will have to absorb costs of \$570,000 in one year with absolutely no relief from its state government.

I respectfully urge you to reconsider the decision that excluded reimbursement of costs to protect critical community infrastructure such as the electric utility tank farm.

Sincerely,

Meera Kohler  
President & CEO



**DEPARTMENTS OF THE ARMY AND THE AIR FORCE**

HEADQUARTERS, ALASKA NATIONAL GUARD  
OFFICE OF THE ADJUTANT GENERAL  
P.O. BOX 5800, CAMP DENALI  
FORT RICHARDSON, ALASKA 99505-5800

January 24, 2008

Meera Kohler  
Alaska Village Electric Cooperative  
4831 Eagle Street  
Anchorage, AK 99501

Dear Ms. Kohler:

I am responding to your inquiries regarding the fall sea storm incident in Kivalina September 12-14, 2007. On January 22<sup>nd</sup> Governor Palin issued Administrative Order 239 directing disaster relief fund expenditures for the City of Kivalina and the Northwest Arctic Borough to cover eligible emergency response and emergency protective measures costs that were incurred during the incident.

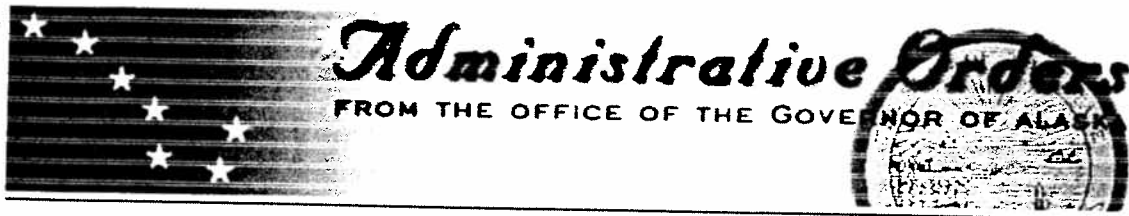
The Disaster Policy Cabinet convened on October 24<sup>th</sup>, and again on November 9<sup>th</sup>, to provide Governor Palin recommendations on six separate funding requests related to the storm. The Governor concurred with the cabinet's recommendations to disapprove expenditures from the disaster relief fund for all requests other than those incurred by the city and borough for emergency response and protective measures to stabilize the city's seawall.

In addition to the order described above, Governor Palin has further directed the Department of Commerce, Community, and Economic Development to act as the state coordinating agency to propose long-term solutions to the ongoing erosion issues in the City of Kivalina and other affected coastal communities in the state. I encourage you to work with Commissioner Notti and DCCED to ensure AVEC's needs are addressed as we look to long term solutions for our communities.

Sincerely,

Craig E. Campbell  
Commissioner

Attachment: Administrative Order 239



Sarah Palin  
GOVERNOR

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 22, 2008

## ADMINISTRATIVE ORDER NO. 239

### FINDINGS

I, Sarah Palin, Governor of the State of Alaska, make the following findings:

1. During the period September 12, 2007, through September 14, 2007, a fall sea storm with sustained high surf and storm surge caused severe seawall damage and coastal erosion in the city of Kivalina within the Northwest Arctic Borough (NWAB).
2. On September 14, after word that 1,000 linear feet of the 1,600-foot-long seawall in Kivalina had breached, the Division of Homeland Security and Emergency Management (DHS&EM) sent two emergency management specialists to Kivalina to assist the city of Kivalina, NWAB, Alaska Village Electric Cooperative (AVEC), Department of Environmental Conservation (DEC) Spill Response Unit, United States Coast Guard (USCG) and the United States Army Corps of Engineers (USACE) in discussions to address the imminent threat to the AVEC bulk tank facility and assess the poor integrity of the seawall in the city of Kivalina.
3. The NWAB, through a local declaration dated September 25, 2007, requested assistance to repair the seawall and protect community infrastructure.
4. Based on the findings of the DHS&EM, NWAB, and USACE damage assessment, as supported by recommendations from the November 9, 2007 Disaster Policy Cabinet meeting, I have determined this incident poses a direct and imminent threat of sufficient magnitude and severity to justify state action.
5. I have determined it appropriate that financial assistance from the disaster relief fund be expended in accordance with AS 26.23.020(h) to cover eligible emergency response costs and emergency protective measures for the NWAB and the city of Kivalina to address emergency repairs to the seawall. Costs of permanent repairs to or replacement of the seawall are not appropriate for funding from the disaster relief fund.

### ORDER

Under the authority of art. III, sec. 1 of the Alaska Constitution and AS 26.23.020(h) and 26.23.050, I, Sarah Palin, Governor of the State of Alaska, hereby order that:

Consistent with AS 26.23.010 - 26.23.220 (Alaska Disaster Act) and AS 26.23.020(h), expenditures be made from the disaster relief fund to cover eligible emergency response and emergency protective measures costs for the Northwest Arctic Borough and the city of Kivalina not covered by alternative financing sources. The amounts of these expenditures are not to exceed \$500,000, including administrative fees.

Consistent with Administrative Order No. 175, I further direct the Department of Commerce, Community, and Economic Development to act as the state coordinating agency to coordinate with other state and federal agencies to propose long-term solutions to the ongoing erosion issues in the city of Kivalina and other affected coastal communities in this state.

This Order takes effect immediately.

DATED at Juneau, Alaska, this 22nd day of January, 2008.

/s/Sarah Palin  
Governor

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[Administrative Orders 201-present](#) | [Contact the Governor](#) | [Webmaster](#) | [State of Alaska](#)

**NORTHWEST ARCTIC BOROUGH  
RESOLUTION 07-47**

**A RESOLUTION DECLARING A CONTINUING DISASTER  
EMERGENCY IN THE COMMUNITY OF KIVALINA AND FOR  
RELATED PURPOSES**

**WHEREAS**, the City of Kivalina is a political subdivision within the State of Alaska and within the Northwest Arctic Borough and has adopted Resolution 07-04 (copy attached) requesting state and borough assistance in meeting the disaster and emergency temporary evacuation caused by coastal erosion and failure of the Kivalina seawall; and,

**WHEREAS**, the borough mayor and assembly, acting under the authority granted by Alaska Statutes 26.23.140, have declared a disaster to exist in the City of Kivalina under borough Disaster Resolution 07-01 and 07-31 (copies attached); and,

**WHEREAS**, during the severe sea storm on September 12<sup>th</sup> and 13<sup>th</sup>, 2007, the City of Kivalina sustained severe, continuing losses of sandbags controlling the erosion of the beach front in Kivalina and is faced with further threats to life and property because the seawall has been undermined threatening the adjacent road, homes, school, fuel storage and other infrastructure; and,

**WHEREAS**, the residents of Kivalina requested help in the temporary evacuation of children and elders, those who are identified as most needy, during the September 12<sup>th</sup> and 13<sup>th</sup> storm, and the Northwest Arctic Borough was identified as the agency to lead in the evacuation; and,

**WHEREAS**, the temporary evacuation of the residents of Kivalina during the September 12<sup>th</sup> and 13<sup>th</sup> storm, and their subsequent return on September 14 and 15, 2007, is estimated to cost \$40,000; and,

**WHEREAS**, with each storm the integrity of the seawall structure is weakened and storm-generated debris is spread along the beach front that causing environmental contamination and/or public safety concerns; and,

**WHEREAS**, the Incident Command System was used to process emergency management during the emergency temporary evacuation with little to no training for people helping in the evacuation; and,

**WHEREAS**, the Northwest Arctic Borough, City of Kivalina, and Alaska Village Electric Cooperative are working to address the imminent threat to the AVEC bulk tank facility by continued erosion and undermining of the sea wall by taking the necessary planning steps to relocate the facility, an action that has garnered strong support by the United States Coast Guard and the Alaska Department of Environmental Conservation; and,

**WHEREAS**, the severity and magnitude of the emergency is beyond the

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SIGNED AND ATTESTED THIS 25TH DAY OF SEPTEMBER, 2007.

Helena Hildreth  
Helena Hildreth, Borough Clerk

ATTEST:

